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Office of the DD/S&T

TO: Mr. Duckett

Adm-12.7

SUBJECT: Comments for Thursday's
Staff Meeting

REMARKS: Carl--there are more comments here than you will probably need but I believe these notes will give you alternatives for using whatever material you consider most appropriate.

I do not feel that any one of the thoughts suggested in the attachment is restrictive. On the other hand, I believe they are all constructive. There is only one objective here and that is to maintain our flexibility and to suggest guidelines for this purpose.

I have been thinking about the possibility of your talking to a large group of project officers. I think it could be beneficial and perhaps we could use it for other purposes as well, namely, to discuss the budget situation, to give the project officer a feel for what this budget situation might be in the future and finally to suggest measures for cost reductions. I would like to think about this and make some recommendations for your review.

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This Agency has more flexibility in the conduct of its external contracting than any other Government agency. It can respond much faster to a requirement and at less cost than any other Government agency.

Where does this flexibility come from?

Technical competency

Smaller Agency

Compression of time in decision making

More authority for individuals working with contractors

Absence of voluminous and detailed specifications

Absence of extensive reporting systems

Absence of over-management of contractors

Responsive Procurement, Security and Audit organization

Most important underlying reason is the absence of GAO review of every contract.

This flexibility is vital to the accomplishment of our tasks and missions but can be eroded if it is not treated with a great deal of respect and used by each individual with an understanding of what this flexibility really is and most importantly what it is not.

Restrictions by Congress, potential GAO review or internal Agency restrictions are always possible if our contracting is not conducted in an equitable manner.

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Page 2

From a substantive legal standpoint and from standpoint of good procurement practice, we are no different than other Government agencies and all qualified contractors have a right to equal opportunity and treatment.

Agency procurement authorities in the CIA Act of 1949 are lifted directly from the Armed Services Procurement Act of 1947 and we are legally bound by limitations reflected in these authorities.

It is Agency policy not to use its extraordinary powers unless there is no other recourse.

All Agency industrial contracts with private industry contain general terms and provisions which are indistinguishable from DOD contracts except for security provisions.

Legal actions which occur in connection with our contracts would have to be settled under the contract in accordance with standard DOD terms and conditions.

Disputes arising under our contracts would be heard by the Armed Services Board of Contract Appeals unless the precise issue concerns a sensitive security question.

SO - we differ from DOD and other Government agencies because our operating techniques are different but not our procurement authorities or practices.

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Page 3

How do we protect and maintain the flexibility we enjoy especially when funds are scarce and competition among contractors is keen.

1. Private industry judges us on the equality of treatment they receive from us.
2. Loose practices by this Agency are bound to be known within industry.
3. Continuous reliance on sole-source contractors is self-defeating in the long pull.
4. Where sole-source is truly justified improve sole-source justifications. Precise guidelines have been issued to each office on this subject.
5. Solicit more competitive proposals even if competition is informal, i.e., two or three proposals.
6. Let contractors know they are in competition and then evaluate proposals formally, i.e., weigh them in a professional manner and be prepared to support the recommendations.
7. Use work statements and make sure contractors have the same basis on which to propose.
8. Protect contractor's confidential and proprietary data.

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Page 4

9. Avoid the attitude that a classified procurement provides freedom to do things which could not be done on an unclassified basis.

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